

PARMA Energy Efficiency Loan Program Guidelines



Parma Community Development Department
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RESIDENTIAL GUIDELINES

1. PROGRAM ELIGIBILITY

- The Energy Efficiency Loan Program is available throughout the City of Parma to provide funding necessary to finance projects that will result in environmental and economic benefits via energy efficient improvements to a residential structure. Only home owners of a single-family dwelling structure in Parma are eligible. All property taxes must be current and the home must be free of any lien outside of a mortgage.
- Participants must enter into a contractual relationship (agreement and promissory note) with the City regarding the project. The contract stipulates among other things, that the City must approve the proposed use of funds.
- The minimum loan amount is \$3,000. Maximum loan amounts will be determined by available resources and the Loan Review Committee. (*Maximum Loan Amount is determined by available fund assets*).
- The project being financed must demonstrate that it will benefit the dwelling and family energy costs through energy efficient products and methods.
- Owner equity must meet at least ten percent (10%) to qualify. In addition, sufficient collateral and creditworthiness is required.

2. PROGRAM COMPONENTS

- **Interest Rate:** Loan is a fixed rate of three-percent (3%) over a term of thirty-six (36) months.
- **Term:** Monthly payments consisting of principal and interest will be calculated.
- **Credit Check:** A **credit check** will be performed to analyze the credit worthiness of the applicant.
- **Risk Level:** The City of Parma will take greater risks than banks are traditionally prepared to take when substantial economic benefits will result, if the project succeeds.

3. LOAN REVIEW COMMITTEE

- The Loan Review Committee shall convene within three (3) weeks after a completed application is accepted by the Department of Community Development.

- The Loan Review Committee consists of the following five (5) members:
 - 1) Community Development Department Representative
 - 2) Mayor's Office Representative
 - 3) Community member with financial background
 - 4) Ward Council Person of Loan Applicant's Business
 - 5) Representative of City Treasurers Office

4. LOAN SELECTION PROCESS

- The applicant meets with Community Development staff for preliminary review of the program guidelines and application.
- After the application is submitted, the application will be reviewed by the Department of Community Development and the Loan Review Committee. The application will either be 1) accepted as presented, 2) additional information requested, or 3) denied based on the information before the committee.
- If the application is accepted, a Loan Agreement and Promissory Note will be written detailing the amount, percentage rate, term, and rules regarding the money's use.

5. REPORTING

- During the term of the loan, annual reports will be completed to document the proper use of the funds.